

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 CIAE-00 INR-10 NSAE-00 RSC-01

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R 211907Z MAY 74

FM AMCONSUL SAO PAULO

TO SECSTATE WASHDC 5217

INFO AMEMBASSY BRASILIA

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C O R R E C T E D C O P Y

E.O. 11652: N/A

TAGS: ETRN, BR

SUBJECT: FREIGHT CONGESTION AT SAO PAULO AIRPORTS

REF SAO PAULO 0542

1. AS PART OF CONTINUING EFFORT TO ASSIST U.S. FIRMS IN GREATER SAO PAULO AREA, CONSUL GENERAL HAS FOLLOWED UP INITIATIVE REPORTED REFTEL AND HELD MEETINGS WITH TWO KEY ENTITIES -- PRESIDENT OF THE CIA. NACIONAL DE ARMAZENS GERAIS ALFANDEGADOS (CNAGA), WHICH HAS THE WAREHOUSING CONTRACT FOR BOTH VIRACOPOS AND CONGONHAS, AND THE SUPERINTENDENTE DA RECEITA FEDERAL (WHO IS OVER ALL CUSTOMS INSPECTORS IN SAO PAULO STATE).

2. MEETING WITH PRESIDENT OF CNAGA ON MAY 6 LASTED THREE HOURS, AND INCLUDED TOUR OF ALL WAREHOUSING FACILITIES AT CONGONHAS. IT WAS APPARENT THAT CNAGA HAD GENERAL SITUATION UNDER CONTROL, AND THAT INCOMING AND OUTGOING FREIGHT SHIPMENTS WERE BEING PROCESSED COMPETENTLY, AT LEAST UP TO POINT OF CUSTOMS CLEARANCE. THIS LATTER PROCEDURE IS A FEDERAL RESPONSIBILITY, AND CNAGA HAS NO CONTROL OVER IT. TOUR OF FACILITIES INDICATED CLEARLY THAT MAJOR BOTTLENECK WAS -- AND IS -- CUSTOMS CLEAR-
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ANCE, AND THAT COMBINATION OF INADEQUATE PERSONNEL, CORRUPTION

AND FREQUENT INCOMPETENCE HAS MADE IT IMPOSSIBLE TO FOLLOW THROUGH ON IMPROVEMENTS BROUGHT ABOUT BY CNAGA IN MOVING FREIGHT. AIR CARGO NOW MOVES RAPIDLY ONLY TO CUSTOMS CHECK, AND THEN WAITS UNTIL AN INSPECTOR SHOWS UP TO CLEAR IT. OF TEN INSPECTOR DESKS IN THE MAIN CNAGA WAREHOUSE, ONLY THREE WERE OCCUPIED ON ABOVE DATE, AND CHIEF INSPECTOR HAD NOT YET SHOWN UP ALTHOUGH IT WAS LATE IN THE MORNING. AT SAME TIME, HUNDREDS OF SHIPMENTS WERE AWAITING CLEARANCE. SIMILAR SITUATIONS EXISTED AT OTHER CUSTOMS CLEARANCE POINTS AT AIRPORT.

3. IN VIEW OF ABOVE SITUATION, AND CONVINCED THAT CUSTOMS ITSELF WOULD HAVE TO BE IMPROVED IF AIRPORT FREIGHT JAM-UP TO BE RECTIFIED, CONSUL GENERAL CALLED ON THE SUPERINTENDENT OF FEDERAL REVENUE FOR SAO PAULO. CONGEN STRESSED ADVERSE IMPACT ON BRAZILIAN ECONOMIC EXPANSION AND EXPORTS FROM ASSEMBLY LINE STOPPAGES OR SLOW DOWNS CAUSED BY LACK OF CRITICAL REPAIR PARTS OR COMMODITIES FLOWN IN BY AIR AND MUTUAL INTEREST IN CORRECTING SITUATION. THE ONE-HOUR MEETING ON MAY 17 INDICATED THAT SUPERINTENDENT WAS AWARE OF SITUATION, BUT THAT HIS OFFICE LACKED ADEQUATE FINANCIAL RESOURCES OR PERSONNEL TO IMPROVE MATTERS. HE SAID THAT ALL AVAILABLE INSPECTORS HAD BEEN CONCENTRATED AT CONGONHAS TO DEAL WITH SITUATION, BUT THAT "ADEQUATE" PERSONNEL WERE IMPOSSIBLE TO RECRUIT. ACTUALLY, TOTAL NUMBER OF CUSTOMS PERSONNEL IN SAO PAULO HAD BEEN DECLINING OVER LAST SEVERAL YEARS. CONSUL GENERAL POINTED OUT THAT AMERICAN COMPANIES WERE MAJOR AIR FREIGHT SHIPPERS AND THEY HAD INDICATED THAT LEVEL OF AIR FREIGHT WOULD CONTINUE TO INCREASE PARTLY BECAUSE OF DELAYS IN SANTOS PORT AND PARTLY TO AVOID DOWN TIME ON ASSEMBLY LINES AS PRODUCTION FACILITIES WERE STRAINED BY INCREASED VOLUME. SOME ACTION SEEMED REQUIRED NOW. SUPERINTENDENT, WHO CLEARLY UNDERSTOOD PROBLEM AND SEEMED TO BE BOXED IN BY BUREAUCRATIC PROBLEMS WITHIN HIS OWN MINISTRY, WAS QUITE FORTHCOMING IN DISCUSSING THE SITUATION. WHILE NOT PROMISING ANY MIRACLES, HE SAID HE WOULD LOOK INTO SITUATION PERSONALLY, SEE WHAT HE COULD DO, AND INFORM CONSULATE GENERAL.

4. COMMENT: CONSUL GENERAL HAD BEEN INFORMED BY COL. MENDONCA, BRAZILIAN AIR FORCE OFFICER IN CHARGE OF SAO PAULO AIRPORT OPERATIONS THAT FOURTH AIR ZONE HAS SENT REPORT TO AIR MINISTRY OUTLINING LACK OF ADEQUATE CUSTOMS PERSONNEL LIMITED OFFICIAL USE

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AND RECOMMENDING THAT AIR MINISTRY RAISE THIS SHORTAGE WITH MINISTRY OF FINANCE. OFFICER ENDORSED CONSUL GENERAL'S APPROACH TO SUPERINTENDENTE DA RECEITA FEDERAL AS HELPFUL IN BRINGING ABOUT INCREASE IN CUSTOMS PERSONNEL AND THOUGHT THAT EVENTUALLY EMBASSY IN BRASILIA SHOULD TAKE UP THE MATTER WITH MINISTRY OF FINANCE.

CONGEN BELIEVE NO IMPROVEMENT IN CUSTOMS CLEARANCE PROCE-

DURES WILL BE FORTHCOMING UNLESS ADEQUATE RESOURCES GIVEN TO
LOCAL SUPERINTENDENT ENABLING HIM TO RECRUIT ADDITIONAL HELP.
CONGEN DOES NOT RECOMMEND APPROACH TO MINISTRY OF FINANCE
UNTIL ALL LOCAL REMEDIES EXHAUSTED.

OVERALL AIR CARGO SITUATION AT SAO PAULO AIRPORTS THEREFORE
STILL PRECARIOUS SINCE KEY PROBLEM FOR U.S. AND OTHER FIRMS
USING AIR FREIGHT IS FACT OF DELAY ITSELF EVEN THOUGH PRO-
GRESS HAS BEEN MADE IN WAREHOUSING AND SHIPMENTS ARE NOW NOT
LOST. THEY CAN BE IDENTIFIED EXPEDITIOUSLY BUT THEY CANNOT
BE RELEASED IN A TIMELY FASHION UNTIL THE CUSTOMS PERSONNEL
BOTTLENECK IS BROKEN.
CHAPIN

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